Because learning changes everything.®

Chapter 2

The Evolution of Management

Access the text alternative for slide images.

© McGraw Hill LLC. All rights reserved. No reproduction or distribution without the prior written consent of McGraw Hill LLC.

Learning Objectives

LO 1 Describe the origins of management practice and its early concepts and influences.

LO 2 Summarize five classical approaches to management.

LO 3 Discuss four contemporary approaches to management.

LO 4 Identify modern contributors who have shaped management thought and practice.

© McGraw Hill LLC

Origins of Management 1

Origins

- The field of management as a formal area of study is relatively new; however, evidence of formalized management practices have been found dating back to 5000 B CE.
- The Industrial Revolution brought a more structured

© McGraw Hill LLC
pieceofmind/Shutterstock

Origins of Management 2

Early Management

- Around 4000 BCE, the Egyptians used planning, organizing, leading, and controlling to build their great pyramids.
- As early as 1100 BCE, the Chinese applied managerial concepts of delegation, cooperation, efficiency, organization, and control.
- In 500 BCE, Sun Tzu discussed the importance of planning and leading in his book *The Art of War.*

© McGraw Hill LLC

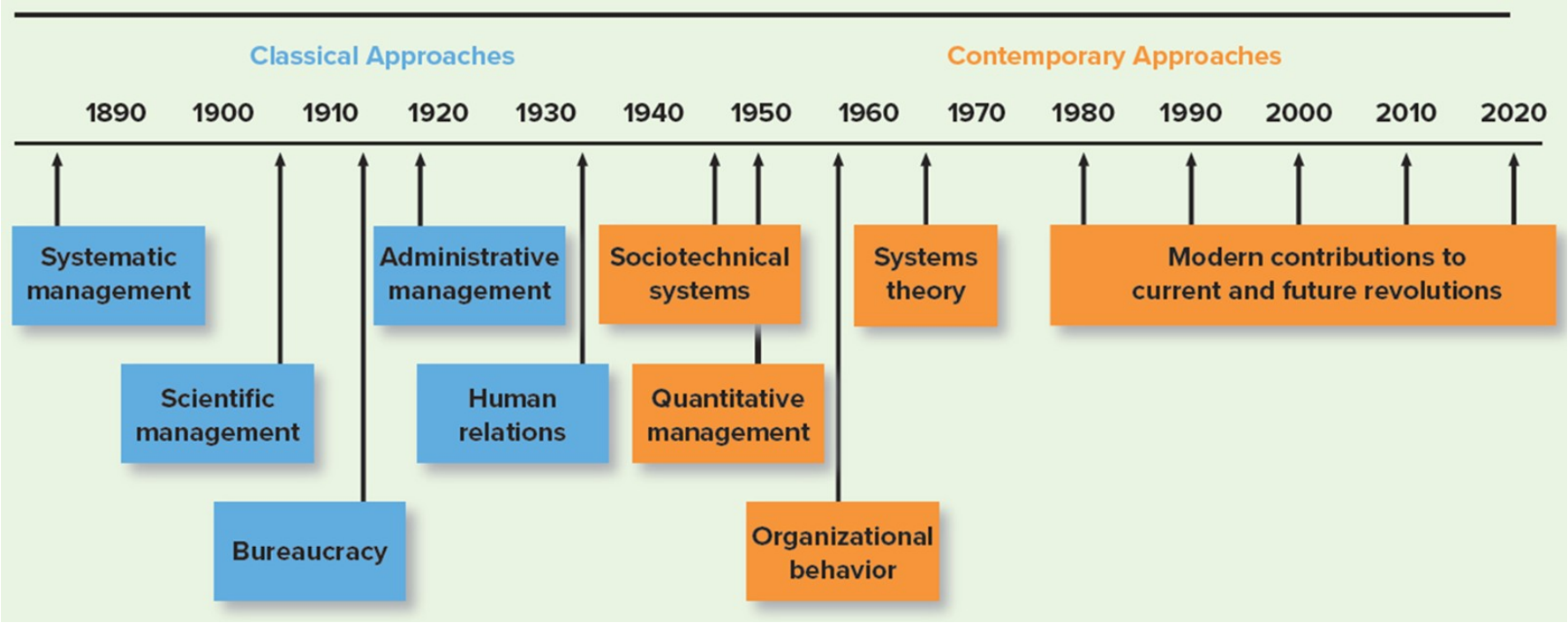
Origins of Management 3

Early Management continued

- Around 400 to 350 BCE, the Greeks recognized management as a separate art and advocated a scientific approach to work.
- Around 1436, the Venetians standardized production with an assembly and inventory system.
- In 1776, Adam Smith discussed control and the principle of specialization for manufacturing workers.
- Emergence of **economies of scale** drove managers to strive for further growth.

© McGraw Hill LLC

Exhibit 2.1
The Evolution of Management Thought



Access the text alternative for slide images.

© McGraw Hill LLC

Classical Approaches 1

Classical Approaches to Management

- Classical period extended from the mid-19th century through the early 1950s.
- Major approaches that emerged were systematic management, scientific management, bureaucracy, administrative management, and human relations.

© McGraw Hill LLC

Classical Approaches 2

Systematic Management

- A classical management approach that attempted to build into operations the specific procedures and processes that would ensure coordination of effort to achieve established goals and plans.
- Emphasized internal operations and efficiency to meet demand brought on by the Industrial Revolution.

© McGraw Hill LLC

Classical Approaches 3

Scientific Management

- A classical management approach that applied scientific methods to analyze and determine the “one best way” to complete production tasks.
- Introduced by Frederick Taylor.

© McGraw Hill LLC
Bettmann/Getty Images

Classical Approaches 4

Taylor's Four Principles of Scientific Management

1. Management should develop a precise, scientific approach for each element of each job.
2. Management should scientifically select and place each worker so the right person has the right job.
3. Management should cooperate with workers to ensure that jobs match plans and principles.
4. Management should ensure an appropriate division of work and responsibility.

© McGraw Hill LLC

Classical Approaches 5

Henry L. Gantt

- Worked with and became a protégé of Frederick Taylor's.
- He expanded on the piece-rate system by suggesting that frontline supervisors should receive a bonus for each of their workers who completed their assigned daily tasks.
- Also known for creating the Gantt chart, which helps employees and managers plan projects by task and time to complete those tasks.

© McGraw Hill LLC

Exhibit 2.2 Using a Gantt Chart for a Team Research Project at School [1]

Step	Task	Assigned to	Accomplish Task	Accomplish Task	Accomplish Task	Accomplish Task	Accomplish Task
			August	September	October	November	December
1	Review assignment.	All team members.	August 28				
2	Meet as group to discuss and identify areas for clarification.	All team members.		September 5			
3	Identify team leader.	All team members.		September 8			
4	Meet with professor to clarify objectives of assignment.	Team leader.		September 12			
5	Meet as group to divide responsibilities.	Team leader and members.		September 18			
6	Write sections 1 to 3.	Member B.			October 31		
7	Write sections 4 to 6.	Member C.			October 31		
8	Write introduction and conclusion and type bibliography.	Member D.			October 31		

Exhibit 2.2 Using a Gantt Chart for a Team Research Project at School 2

Step	Task	Assigned to	Accomplish Task	Accomplish Task	Accomplish Task	Accomplish Task	Accomplish Task
9	Edit entire paper.	Team leader.				November 15	
10	Prepare PowerPoint slides for presentation.	Member E.				November 20	
11	Practice/rehearse presentation.	Team leader and members.				November 22	
12	Submit completed paper and deliver presentation.	Team leader and members.					December 1

© McGraw Hill LLC

Classical Approaches 6

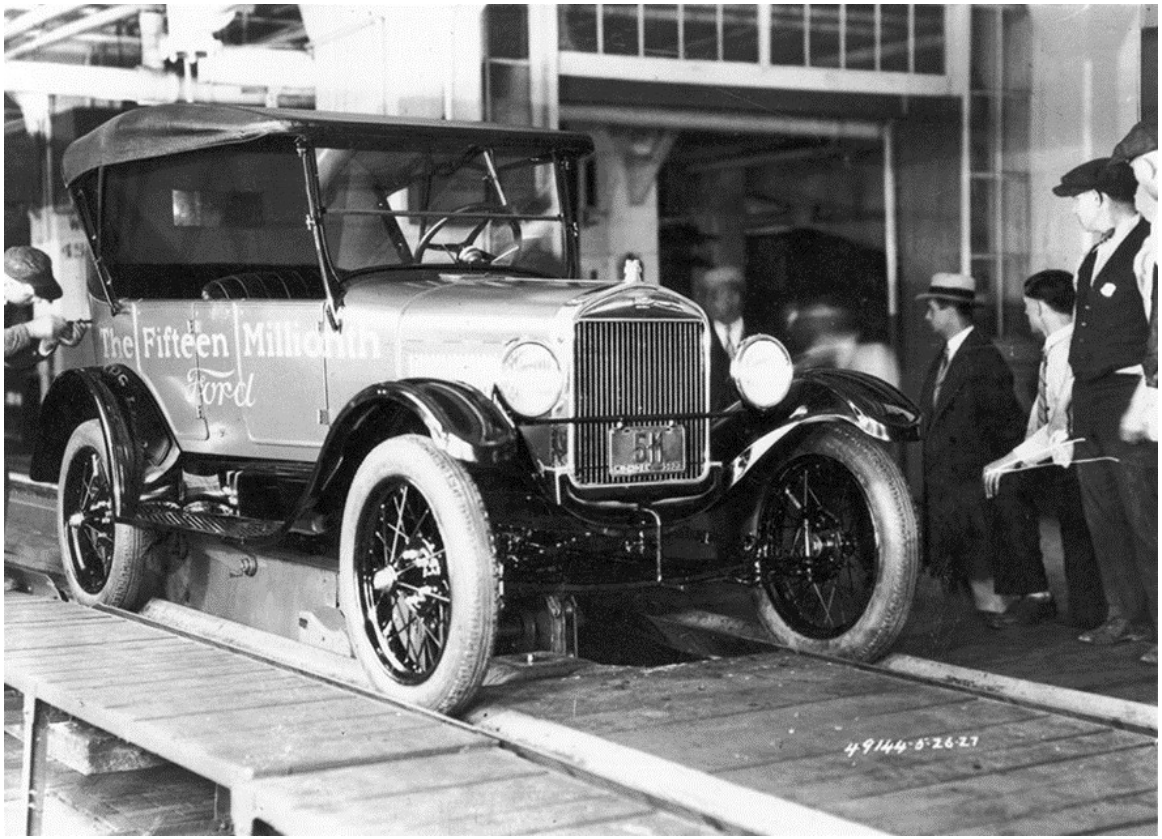
Frank and Lillian Gilbreth

- Used “motion studies” to identify and remove wasteful movements so workers could be more efficient and productive.

Lillian Gilbreth focused her research and analysis on the human side of management. This “effort-versus-efficiency” research championed the human over the technical.

© McGraw Hill LLC
Bygone Collection/Alamy Stock Photo

Applying Scientific Management



The fifteen millionth Ford Model T rolls off the assembly line in 1927. Henry Ford revolutionized automobile manufacturing by applying the principles of scientific management.

© McGraw Hill LLC
Keystone/Getty Images

Classical Approaches 7

Bureaucracy

- Max Weber proposed standardized bureaucratic structures as the ideal model for management.
- Emphasizes a structured, formal network of relationships among specialized positions in the organization.
- Can be efficient and productive; but not appropriate for every organization.

German sociologist Max Weber believed that a bureaucracy approach would make management more efficient and consistent.

© McGraw Hill LLC
Cci/Shutterstock

Exhibit 2.4 Characteristics of an Effective Bureaucracy

DIVISION OF LABOR
Tasks, assignments, and authority are clearly specified.

AUTHORITY
A chain of command or hierarchy is well established.

QUALIFICATIONS
Employees are selected and promoted based on merit.

OWNERSHIP
Managers, not owners, should run the organization.

RULES
Impersonal rules should be applied consistently and fairly.

© McGraw Hill LLC

Classical Approaches 8

Administrative Management

Henri Fayol advocated the administrative management framework that attempted to identify major principles and functions that managers could use to achieve superior organizational performance.

Identified five functions and 14 principles of management:

- Five functions are planning, organizing, commanding, coordinating, and controlling.

© McGraw Hill LLC

Exhibit 2.5 Fayol's 14 Principles of Management

1. *Division of work*—divide work into specialized tasks and assign responsibilities to specific individuals.
2. *Authority*—delegate authority along with responsibility.
3. *Discipline*—make expectations clear and punish violations.
4. *Unity of command*—each employee should be assigned to only one supervisor.
5. *Unity of direction*—employees' efforts should be focused on achieving organizational objectives.
6. *Subordination of individual interest to the general interest*—the general interest must predominate.
7. *Remuneration*—systematically reward efforts that support the
8. *Centralization*—determine the relative importance of superior and subordinate roles.
9. *Scalar chain*—keep communications within the chain of command.
10. *Order*—order jobs and material so they support the organization's direction.
11. *Equity*—fair discipline and order enhance employee commitment.
12. *Stability and tenure of personnel*—promote employee loyalty and longevity.
13. *Initiative*-–encourage employees to act on their own in support of the organization's direction.
14. *Esprit de corps*—promote a unity of interests between employees and management.

© McGraw Hill LLC

Classical Approaches 9

Administrative Management continued

Other contributors to administrative management:

- Chester Barnard's *The Functions of the Executive* outlined the role of the senior executive: formulating the purpose of the organization, hiring key individuals, and maintaining organizational communications.
- Mary Parker Follett's *Dynamic Administration* emphasized the continually changing situations that managers face. Her two key contributions:
  1. Notion that managers desire flexibility.
  2. Differences between motivating groups and individuals.

© McGraw Hill LLC

Classical Approaches 10

Human Relations

- A classical management approach that attempted to understand and explain how human psychological and social processes interact with the formal aspects of the work situation to influence performance.
- First major approach to emphasize informal work relationships and worker satisfaction.

© McGraw Hill LLC

Classical Approaches 11

Hawthorne Studies

- Series of experiments conducted from 1924 to 1932 at Western Electric Company factory in Chicago.
- **Hawthorne effect** refers to people's reactions to being observed or studied, resulting in superficial rather than meaningful changes in behavior.
- Researchers concluded that productivity and employee behavior were influenced by the informal work group.

© McGraw Hill LLC

Hawthorne Effect

Employees working at a Western Electric plant circa 1930. Courtesy of Western Electric from the Historical Archive.

© McGraw Hill LLC
FPG/Hulton Archive/Getty Images

Classical Approaches 12

Human Relations continued

- Abraham Maslow suggested that humans have five levels of needs and are motivated to satisfy the lowest level need that is unmet.
- Self-actualization (personal fulfillment) is the most advanced need.
- Managers can achieve organizational goals by encouraging behaviors that satisfy people's needs and organizational goals simultaneously.

Physiological → safety → social → esteem → self-actualization

© McGraw Hill LLC

Contemporary Approaches 1

Contemporary Approaches to Management

- Includes sociotechnical systems theory, quantitative management, organizational behavior, and systems theory.
- Emerged after World War II.

© McGraw Hill LLC

Contemporary Approaches 2

Sociotechnical Systems Theory

An approach to job design that attempts to redesign tasks to optimize operation of a new technology while preserving employees' interpersonal relationships and other human aspects of the work.

Promoted use of teamwork and semiautonomous work groups.

- Research was precursor to total quality management (T Q M) movement.

© McGraw Hill LLC

Contemporary Approaches 3

Quantitative Management

An approach that emphasizes application of quantitative analysis to managerial decisions and problems.

Helps managers make decisions by developing formal mathematical models of their problems.

- Big Data is one aspect.
- Techniques used as a supplement or tool in decision-making process.

© McGraw Hill LLC

Contemporary Approaches 4

Organizational Behavior

- An approach that studies and identifies management activities that promote employee effectiveness by examining the complex and dynamic nature of individual, group, and organizational processes.
- Draws from variety of disciplines, including psychology and sociology, to explain people's behavior as they do their jobs.
- Theory X and Theory Y.

© McGraw Hill LLC

Contemporary Approaches 5

Systems Theory

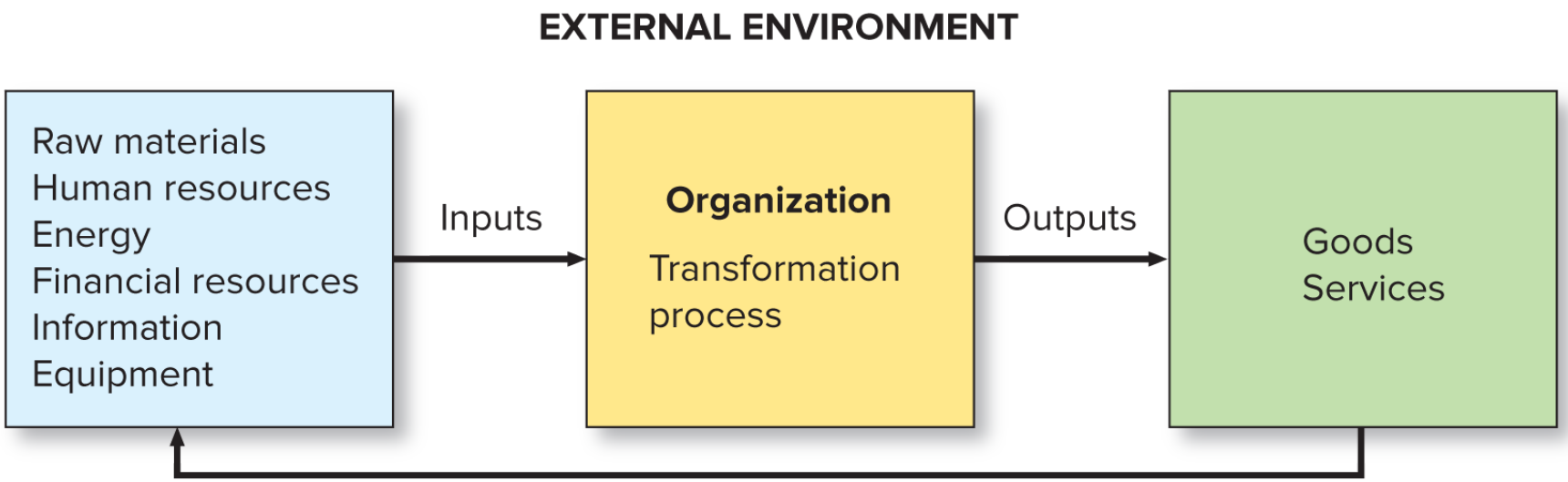
A theory stating that an organization is a managed system that changes **inputs** into **outputs**.

An organization is one system in a series of interdependent subsystems.

- Example: Southwest Airlines is a subsystem of the airline industry, and the flight crews are a subsystem of Southwest.

© McGraw Hill LLC

Exhibit 2.6 Open-System Perspective of an Organization



Access the text alternative for slide images.

© McGraw Hill LLC

Contemporary Approaches 6

Contingency Perspective

Proposes that the managerial strategies, structures, and processes that result in high performance depend on the characteristics, or important contingencies, or the situation in which they are applied.

- Builds on systems theory ideas.
- There is no “one best way” to manage and organize.

Different situational and personal characteristics are called **contingencies**.

© McGraw Hill LLC

Modern Contributors 1

Peter Drucker

- Emphasized need for organizations to set clear objectives.
- Popularized concepts such as: MBO, decentralization, humans as assets and knowledge workers.

Jack Welch

- Former CEO of General Electric.
- Mastered “all of the critical aspects of leadership: people, process, strategy and structure.”

© McGraw Hill LLC

Modern Contributors 2

Michael Porter

- Competitive strategy expert.
- Published over 100 articles and at least 20 books on the subject and related topics.

Sheryl Sandberg

- Wrote *Lean In: Women, Work, and the Will to Lead*.
- Encourages women to be more proactive in seeking challenges at work, taking risks, and pursuing difficult goals.

© McGraw Hill LLC

Modern Contributors 3

Dr. Rohini Anand

- A thought leader in diversity, equity, and inclusion management.
- Her book, *Leading Global Diversity, Equity, and Inclusion: A Guide for Systemic Change in Multinational Organizations,* discusses tactics for advancing DEI

Martin Davidson

- Professor at University of Virginia's Darden School of Business.
- Teaches, conducts research, and consults with global leaders to help them use diversity strategically to drive high performance.

© McGraw Hill LLC

Modern Contributors 4

W. Chan Kim and Renée Mauborgne

- Professors of strategy at INSEAD.
- Wrote *Blue Ocean Strategy*, describing how to succeed by tapping entirely new markets with room to grow.

Kim and Mauborgne's *Blue Ocean Strategy* offers a systematic approach to reduce competition. The authors advise about how to create uncontested market spaces.

Access the text alternative for slide images.

© McGraw Hill LLC
https://www.blueoceanstrategy.com

An Eye on the Future 1

Adapting to Change

- New technologies and flexible work arrangements.
- New opportunities and new demands.
- Changes in employee skills and global competition.

Sheryl Sandberg's book *Lean In: Women, Work and the Will to Lead* encourages women to be more proactive in seeking challenges at work, taking risks, and pursuing difficult goals.

© McGraw Hill LLC
THIBAULT CAMUS/POOL/EPA-EFE/REX/Shutterstock

An Eye on the Future 2

Implications for You and Your Career

- Be ready for challenges.
- Ask questions about the future.
- Know your responsibilities and be prepared to meet them.

© McGraw Hill LLC

Group Challenge

Management Approaches

You are the office manager of a large law firm. Several of your associates have complained about an employee, Sara, coming to work late, taking extended breaks and making personal calls. Sara claims she always gets her work done in a timely fashion and that's all that should matter.

Choose a management theory (for example, scientific management, human relations, systems, contingency).

- Use this theory to develop a response to the situation.
- What are the strengths and weaknesses of this response?

© McGraw Hill LLC

Chapter Review

Origins of management.

- Egyptians, Chinese, Sun Tzu, Ancient Greeks, Venetians.

Five classical approaches to management.

- Systematic management, scientific management, bureaucracy, administrative management, human relations.

Four contemporary approaches to management.

- Sociotechnical systems theory, quantitative management, organizational behavior, systems theory.

Modern contributors to management.

- Drucker, Welch, Porter, Sandberg, Anand, Davidson, Kim/Mauborgne.

© McGraw Hill LLC

End of Main Content

Because learning changes everything.®

www.mheducation.com

© McGraw Hill LLC. All rights reserved. No reproduction or distribution without the prior written consent of McGraw Hill LLC.